

<p align="center">2003-2004 ANNUAL REPORT</p>

CAPITAL IMPROVEMENT PROGRAM FUNDS (CONT'D.)

Park Trust Fund

The Park Trust Fund accounts for a fee received from developer's in-lieu of land dedicated for park and recreation development in residential areas. Monies in this fund, including interest earnings, must be expended solely for the acquisition or improvements of parkland within the residential areas where the in-lieu fees were paid.

Subdivision Park Trust Fund

	Budget	Actual	Variance	Percent Variance
<i>Revenue</i>	\$ 150	\$ 12,348	\$ 12,198	8132.0%
<i>Expenditure</i>	11,403	7,633	3,770	33.1%
<i>Fund Balance (est. *)</i>	42,026 *	48,309	6,283	15.0%

Under current City Council policy, in-lieu fee revenues in the Park Trust Fund are recognized and budgeted in the year following the receipt of the funds, in recognition of the fact that these revenues cannot be reasonably estimated from year-to-year. As a result, there are typically large positive revenue variances each year. In 2003-2004, this positive variance is the result of in-lieu fees (\$6.8 million), reimbursements from the low-income housing voucher program (\$4.4 million) and interest earning (\$1.0 million).

The expenditure variance of \$3.8 million is primarily due to project delays. Projects with significant variances include the following:

- The Backesto Park Renovation (\$902,000), Penitencia Creek Neighborhood Park (\$488,000) and Penitencia Park Chain Reach II (\$317,000) and Camden Park Renovation projects (\$355,000) produced savings due to scoping issues delaying the projects.
- The William H. Cilker Park project produced saving of \$307,000 due to lower than anticipated project construction costs. The project has been completed, and all remaining project funds will be made available for future projects.

The 2003-2004 expenditure savings have been or will be rebudgeted to ensure sufficient funding is available to complete the Park Trust Fund projects. The Budget Office and CIP Action Team allocations in this fund were over-expended at year-end and require ratification due to the redistribution of these costs during the year-end close process. The reallocation of these costs was required to more accurately distribute costs. On an overall basis, the expenditures of these two units were actually under budget.

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CAPITAL IMPROVEMENT PROGRAM FUNDS (CONT'D.)

Park Trust Fund (Cont'd.)

The 2003-2004 ending fund balance variance of \$6.3 million is primarily the result of higher than anticipated revenue received in the latter half of 2003-2004. These funds will be programmed into the 2005-2006 Proposed Capital Budget.